Many Millions Of American Dollars Are Finding Profitable Investment In Chile

By Frank G. Carpenter
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Guggenheims Buy Great Copper Mines and the Steel Corporations Plant Vast Sums in Nitrate Fields.

SANTIAGO, CHILE, Sept. 26.—The great war in Europe and the completion of the Panama canal will mark the beginning of an enormous trade between the United States and Chile. Under the old conditions this trade has trebled since 1903, and within the past four years it has increased 140 percent. It already amounts to $40,000,000 per annum, but this is only about one-sixth of the whole, and much of the balance is divided among Great Britain, Germany and France, whose factories and ships are now tied up in this terrible war.

The foreign commerce of this country now aggregates more than $250,000,000 per annum, and the bulk of it is with Europe. In 1913 Great Britain exported $30,000,000 worth of goods to Chile, and she took back in exchange goods to the amount of $25,000,000. Chile's commerce with Germany ing averaged more than $50,000,000 per annum, and she has been trading with France to the extent of $15,000,000. Belgium also has had a good slice of the business, and Austria has been sending coal by the shipload. In another letter I will take up some of the items and show the mighty openings created by the war. This letter I shall devote to the present conditions and describe some of the big things that Americans are already doing with a view to the future.

Is Friendly to Americans.

Within the past few months the Chilean government has put its exposition buildings at the disposal of a commercial museum for the display of American products. The government is especially friendly to Americans, and within recent years it has bought a great deal of its railway material from the United States. It now proposes to subsidize a line of steamers which will go northward through our canal to our Atlantic ports, and it is anxious to establish the closest of trade connections with us in view of the loss of its European commerce.

We have already a number of American ships that are plying between New York and Chile. Some of them belong to Grace & Co., which controls the largest part of the American business on the west coast. This company has eight new vessels in course of construction. They are large steamers and fitted for the South American trade. They will come down through the canal to Varparaiso. The same firm has other ships plying north and south along the Pacific coast, carrying lumber and flour, and it has many vessels engaged in the carrying of nitrates, which from now on will probably go through the canal. The Graces are especially fitted to handle present conditions.

In addition to the Graces, there are a number of other firms pushing American goods who are ready to jump into the new situation and handle it to the fullest extent. Nearly all handle farming implements and are ready to take orders for American goods of any description. Our chief typewriter companies have their agencies here and our phonographs and graphophones are distributed throughout every city and town.

American Capital Ready to Aid.

Many of our great combinations of capital have long been planning to work the South American trade, and the present situation finds them ready to take advantage of it. The United States Steel company has had its agents in every country of the west coast, and for some time its own ships have been going from New York to these ports by the way of the Strait of Magellan. They will now go by the Panama canal, and their return freights will be such goods as have hitherto been carried by the steamers of Germany, France and Great Britain. The United States Steel company already sells more than half of all the steel used in Chile, and it is rapidly absorbing that class of business throughout South America. A large part of the building now going on is in steel, and the new railroads in course of construction will now be dependent upon us, rather than Europe, for their rails and other materials.

The Bethlehem Steel company is in shape to do an enormous business with the west coast of South America. At the time the European war broke out, it had almost completed a dozen large steamers which were to be employed in carrying the iron ore from its mines near Coquimbo, Chile, to the Bethlehem steel works.

It was estimated that the ore freight would amount to something like a million tons per annum, and the ships were built with the expectation that the return freight from the United States to Chile would be practically nothing. The company expected to make its money by carrying the ore to its own mills. The present situation will enable this fleet to have full cargoes of United States goods on the return voyages, and the company will probably do a general carrying business in addition to its steel and ore shipments.

Nitrate Fleet to Go Through Canal.

The same will be true of the nitrate fleet that in the past has gone south through the Strait of Magellan and thence to Europe and the United States. From now on that fleet will probably go through the canal, and as the United States is one of the largest customers for nitrate, the steamers that land there will load up with American goods and bring them back to Chile.

We are now taking something like 400,000,000 pounds of nitrate a year, and Chile is ready to consume a like amount of American goods. This nitrate business is controlled by Americans. It is handled by the Nitrate Agencies, Limited, the majority of whose stock is owned by W. R. Grace & Co., and its return freight will probably be run in connection with the Graces.

War Will Encourage American Investments.

Another effect of the war will be to send millions of dollars' worth of American capital into Chilean investments. It means new banks and new syndicates of various kinds.

This is a land of big things, and the Americans are gradually getting their fingers on some of the most valuable properties. Take the Bethlehem Steel company. It has recently acquired an iron mountain near Coquimbo, a port on the west coast of Chile, between Antofagasta and Valparaiso. The ore lies only about five miles from the coast, and it is so situated that it can be loaded by gravity. The property is said to contain more than 100,000,000 tons of high grade ore, which assays from 60 to 70 percent pure iron. The mines have enough ore to supply the Bethlehem steel works for more than 50 years.

Copper Mines Are Rich.

Some of the greatest copper mines of the world are in Chile, and in the hands of the Guggenheim syndicate. I refer to those being worked under the Chile Exploration company and the Braden Copper company. The Braden copper mines lie about 200 miles southeast of Valparaiso. They were opened up by Americans, including William Braden, E. W. Nash, Mesmore Kendall and others, and were afterward sold to the Guggenheims. Within the past few years something like $14,000,000 have been spent upon them, and they are now potentially about the largest of the world.

The Braden mines have something like 200,000,000 tons of ore in sight, and the company is putting up mills that will treat 6000 tons daily. The mines are now producing about 2,000,000 pounds of copper a month, and I am told that the profit is over 8 cents a pound. Four thousand men are employed, and among them many Americans. The ore milled in 1913 amounted to 780,000 tons, and the company expects to produce almost 2,000,000 pounds per month from now on.

The Chile Exploration company is the name of the Guggenheim branch which is developing the Chuquicamata copper mines. These are situated far north of the Braden property. They are about 150 miles by rail from Antofagasta, lying in the coastal range of the Andes at an altitude of 9500 feet. The ore body already developed is 2400 feet long, 1000 feet wide, and no one knows how deep. Diamond drills have been put down in places to a depth of 1150 feet, and enough ore has been found to keep the great plant now being built busy for more than 40 years. There are something like 200,000,000 tons in sight.

The plant of the Chuquicamata mines will be one of the finest in the world. The Guggenheims have 1500 men building it and it will be finished in 1915. It includes great crushing machines, acid proof concrete tanks and electrolytic plants that will treat more than 200,000 pounds of copper a day. The machinery has steam turbines, and generators of 18,000 kilowatts. Much of the machinery will be run by electricity, which will come through a transmission line 48 miles long. The plant has already built 12 miles of standard gage railroad, and some of its mining is to be done with steam shovels from Panama, by which the ore can be got out at an extremely low cost.

The Bethlehem steel mines and the Guggenheim mines will necessitate large forces of workmen, and the management will, of course, be American. The Guggenheims are now building houses for their employes at Chuquicamata and Braden, and they are introducing American methods and American conveniences. They will have a number of American families connected with each property, and these will be permanent forces for the introduction of American goods and of American trade.

At Chuquicamata the little city now going up will be a surprise to the Chileans. It is to have a theater, a hospital, two public schools and a public library and music halls for the workmen. There will be a telegraph and postoffice building and a Protestant and a Catholic church. Everything is being done with a view to permanency; for the getting out of the enormous body of ore will require the moving of more earth than we moved at Panama.

Vanderbilts Interested.

Another big United States company that will probably take advantage of the present situation is that which owns the Cerro de Pasco copper mines of Peru. I have already written of its works in my letters from that country. It is backed by millions, and it includes such names as the Vanderbilts, Henry C. Frick, J. B. Haggin and the Hearsts.

They own a property on the very top of the Andes that is said to be worth at least $50,000,000, and they have spent millions upon it. They are now exporting something like 2000 tons of copper a month. This has been going to the markets in foreign steamers, and it will now have to ship upon American vessels. The mines are operated by six or eight thousand Peruvians under American foremen and engineers, and they have a little American town in the highlands.

Yankees Coming Into Own.

Indeed, the United States would seem to be coming into its own again as to South America. It was our people who started the sister continent on its way to industrial development. The first steamship line that plied along the west coast was founded by a Yankee, William Wheelwright, of Newburyport, Massachusetts, and it was he who built the first railroad on the South American continent.

He introduced the first gas plant and organized the first fire company. He was also the first to propose a feasible plan for a transcontinental railroad from south to ocean across Argentina and Chile. William Wheelwright organized the Pacific Steam Navigation company, which later on went into the hands of English capitalists, and which still has the most powerful fleet on the west coast.

Railroads Built by Americans.

The first railroads up the Andes were built by Americans. The most wonderful of these were the work of Henry Meiggs, who had made millions in California about the time that gold was discovered there. Later on he failed, and then came to Chile, where he made millions more. It was Meiggs who built the first railroad from Valparaiso to Santiago. He constructed the first and most difficult part of Peruvian Southern that now goes up the Andes to Cuzco and Lake Titicaca, and is a part of the through line to La Paz, Bolivia. Meiggs also built the Central railway back of Lima, a road that will eventually be extended into the Amazon valley. United States proposals to that effect having been made within the past few years.

Americans Make Fortunes.

Among other Americans who have made fortunes in Chile were Don Juan Foster, whose family is still prominent; Benjamin Bernstein, who married into the Cousino millions, and George B. Chace, the silver king. Chace failed as a mining prospector in California and came to Chile. He here met in with an old priest who told him of a silver mine that had been worked by the Spaniards a hundred years and more ago. The priest had a record of the mine's location in the archives of his little church near Iquique. He showed it to Chace, and the result was the rediscovery of the rich silver property of St. Peter and St. Paul. This gave Chace his start. He made money out of the Two Saints, and with that bought other mines, eventually becoming one of the owners of the Chuquicamata property which has since gone into the hands of the Guggenheims.

A BATTLE

BY GEORGE FITCH,
Author of "At Good Old Siwash."

A BATTLE is a wholesome case of justifiable homicide.

When one man kills another in a private quarrel he is hanged unless the crime occurred in the country, in which case he goes anywhere from a slap on the wrist to several years in prison. But when a man takes a rapid fire gun and shoots the vital upholstering out of a hundred husbands and fathers in a battle he is promoted and gets a medal.

This is because it is patriotic and gallant to fight in battles and will be until nations have as much sense as individuals.

Man has been fighting battles ever since he was invented. But methods have changed a good deal. Five thousand years ago a warrior fitted a handle around a large stone and bashed in the heads of his enemies. Later on the sword was invented and thousands of

"At night a bookkeeper checks him off."

men hacked away at each other on the battlefield from sun-up until supper time, strewing the ground with arms, legs, ears and noses, which remained uncalled for after hostilities had ceased. Those were the days when a broad-shouldered man who could do a half-lawford or bash-bone stroke with a 12-pound sword hewed great holes in the enemies' ranks and became king, because nobody could object. The king business was conducted strictly on its merits in those times, and when a king got out of practice with his cutting tools he went into a sarcophagus in short order.

When gunpowder was invented all this was changed because a thin little man, with no ancestors, could shoot a hole in a perfectly good king with no effort at all. After this kings stayed in the background and made suggestions, while the common soldiers shot each other into messy remains with rifles, mortars, cannon bombs, torpedoes, revolvers and Gatling guns.

Fifty years ago a battle was a grand sight and sound, but times have changed. A rifle now shoots two miles and a soldier lies all day in a ditch shooting into the invisible beyond, over a hill. At night a bookkeeper checks him off and if there are enough soldiers alive to keep on firing a great victory has been won.

Battles are now fought over mines and under airships with machine guns which can mow down a forest, and after a couple of good, hard scraps a nation has to suspend hostilities until it can grow a new crop of soldiers. This is a good thing, because battles will soon become so fatal that brains will have to be used in their place in settling international disputes.—(Copyrighted by George Matthew Adams.)

The Daily Novelette

THE FIFTH PUFF.

(Editor's note: We are glad to be able to present to our readers in this issue, one of Sanitol Russet's inimitable "Unfinished stories." Mr. Russet, whose "unfinished stories" have made his name redound about the world, was born in Flanstangle, Siberia, but decided to study the English language as an aid to expression at the age of 47 years. In three years time his first volume of "unfinished stories," entitled "Rube and Rhubarb," caused the world to sit u pand take notice. Up to the present time, 82 volumes of the stories have appeared. Mr. Russet has had an eventful life. At the age of 2 he swallowed a lead pencil, and this is said to have first turned his thoughts seriously to literature. He is now 108 years old and still turning "unfinished stories" out assiduously.)

The Fifth Puff.
(An Unfinished Story.)

IT WAS a terrible cigar, as Andrew Pickinbrown finally made up his mind at the third smoke. He began to feel queer as he took the fourth puff.

"Another puff o' this thing and I shouldn't be s'prised if I got sick," he murmured uneasily.

He took the fifth puff.

DAILY FASHION HINT

BY LA RA CONTESSE.

This gray satin hat has a large brim, low round crown and is trimmed with roses. The waist is a new sleeveless design in taffeta, with a deep turned over collar of muslin.

The Latest Styles In Furs

As Designed by a Parisian House Which Hopes to Make Winter Sales in Spite of the War

Cotton At 25 Cents a Pound Is Promised As One Of the Results Of European War

By Rene Bache

People of the Warring Nations Will Be Out of Clothing and Must Buy Cotton in Large Quantities; Lack of Dyes Handicaps Home Factories.

WASHINGTON, D. C., Sept. 26.—"Cotton this time next year will sell for 25 cents a pound, more than three times the present price," said a government expert yesterday. "I am assuming that by that date the war will be over. The close of hostilities will find the countries of the old world depleted of clothing, as well as of textile fabrics for other purposes, and there will be a sudden and enormous demand for American cotton.

"Meanwhile we find ourselves with so much cotton on hand that we don't know what to do with it. There is a surplus of 5,000,000 or 7,000,000 bales of the present season's crop which cannot be sent abroad owing to war conditions. Under normal circumstances Germany would take from us this year 1,500,000 bales; but, of course, we are not selling a pound of cotton to that country now.

Will Mean Reduced Acreage.

"The cotton growers of the south, of necessity, will reduce their acreage of the staple next year, and it is altogether likely that the 1915 crop will be half or less than half that of the present season. If the government would consent to 'valorize' the 6,000,000 or more bales that must be put in storage, issuing emergency currency against the warehouse certificates, the problem would be solved satisfactorily, but congress is not likely to authorize such a measure, and the farmers will be obliged to plant crops other than cotton.

"A picturesque notion of the enormous quantity of cotton utilized in the textile industry in this country is conveyed by the fact that a single mill in a New England town turns out cotton cloth at such a rate that if one end of its daily output in a huge roll were attached to the rear end of the Twentieth Century limited as it leaves New York City, the train could not run fast enough to take up the slack.

"The textile industry is with one exception the greatest of all American industries. Unfortunately, at the present time its prosperity is very seriously threatened by lack of dye stuffs. Many factories are likely to be forced to shut down on this account, throwing thousands of operatives out of employment.

Shortage of Dyes.

"We must have dyes; but how are we going to get them? The dye stuff industry in the United States is wholly in the hands of foreigners. Our few factories in this line of industry have been accustomed to get their raw materials from abroad. The bulk of the dyestuffs consumed in this country has come from Germany. It is now understood that Germany will continue to ship them, if she can; but what prospect is there that they will arrive?

"If we have been dependent on Germany for our supply of dyestuffs, it is not because we do not know how to make them ourselves, but for the reason chiefly that the low prices at which they were obtainable abroad have discouraged competition in this branch of manufacture in America. There has been no inducement to develop the industry on this side of the water. The materials from which such coloring substances are derived we have plentifully at hand, chief among them being coal tar, which is the source of all so-called "aniline" dyes.

"Coal tar, to look at, is one of the most unattractive and unpromising of substances—a blackish liquid with a peculiar and rather disagreeable smell. Yet from it are obtained all the colors of the rainbow. It is a very complex organic compound, which by chemical treatment is made to yield an immense variety of useful things. We produce annually in this country no less than 125,000,000 gallons, or about 1,000,000,000 pounds, of coal tar, as a byproduct of our gas and coke retorts; but we make practically no use of it except to distill it for recovery of light oils (such as gasoline), creosoting oils and pitch."

Germans Lead in Chemicals.

The Germans are far ahead of any other people in the development of the chemical industries, and most of what has been accomplished in the utilization of coal tar is attributable to their cleverness and ingenuity. It is the source of ever so many kinds of medicines.

Coal Tar Rich in Dyestuffs.

The coal tar we produce in this country yields large quantities of "naphthalene"—a substance that is familiar enough to every housewife under the name of "tar camphor," or moth balls. From napthalene can be obtained a number of different kinds of dyestuffs, chief among them indigo. Indigo is the most important of all dyes. We import it in great quantities from Germany, where it is made from coal tar by processes which are patented not only there but also in the United States. It is these patents that stand in the way of the economical manufacture of indigo from napthalene in America.

It follows that we should develop processes of our own; or, if we cannot do that, it might be possible to modify our patent laws in such way as to afford a solution for the problem. Certainly we must have indigo. This pigment was formerly obtained from a plant, largely grown in India and on certain islands in that part of the world; but competition of coal tar indigo has forced the price down to such an extent that at the present time the acreage of the indigo plant in the east is comparatively small and wholly inadequate to supply the market.

Artificial Indigo Is Good.

Chemically speaking, the artificial indigo is exactly the same thing as the natural, and it has the additional advantage that, instead of coming to market in big chunks which have to be ground by special machinery, it is produced in the form of a very fine powder. This is made up into a sort of paste, all ready for use in the dye vat.

Logwood dyestuffs are extensively used for dyeing black cotton and wool, and in particular for black silk. They can be produced in our own factories in sufficient quantities to meet all demands. But for the great majority of colors, especially fast colors for both wool and cotton, the dyestuffs of coal tar origin are required.

It is worth mentioning incidentally that coal tar is the raw material from which carbolic acid is manufactured. It contains about 10 percent of this extensively used chemical. Yet, odd though it may seem, no carbolic acid is made in this country. Last year we imported over 8,000,000 pounds of it (one-third of the total quantity from Germany), for which we paid $675,000. Of all kinds of chemical products of coal tar, including dyes, colors and medicinal preparations, we imported no less than $12,000,000 worth.

Will Use Our Own Cotton.

Said W. P. G. Harding, a member of the federal reserve board:

"The cotton problem is difficult, but will find a solution. For a starter, the 1,500,000 bales which Germany would take from us this year under normal conditions will be absorbed by our own mills in the northern and southern states.

"Our cotton crop for this year may be 15,000,000 or 16,000,000 bales. Under ordinary circumstances we should expect to export about 60 percent of it, but, owing to conditions brought about by war, practically none of it is now going abroad. England, however, should call for large quantities very soon. She is said to have at the present time only a few days' supply on hand. When that is nearly used up, she may be expected to begin buying. The mills in Germany, Belgium and France have probably suspended operations, so that the markets they usually supply will be obliged to look to American and British mills.

"The mills in the southern states used last season about 3,000,000 bales of cotton. Should the expected export demand develop, these mills will doubtless use a much larger quantity this season. Many of them produce the coarser cotton fabrics, such as sheetings and 'osnaburgs,' which have been a feature of German manufactures, and it would seem that in this particular field they now have a fine opportunity to expand.

Make the Finer Grades.

"On the other hand, the Massachusetts mills turn out most of the finer grades of cotton textiles produced in this country, and so come into competition with the British, French and Belgian mills, most of which will be eliminated this year as competitors.

"American mills may be called upon to make cotton bagging to take the place of the jute burlaps with which it has been customary heretofore to cover cotton bales—jute having recently advanced very much in price. Soon, also, there is likely to be a large demand by the Red Cross, and by the medical corps of the various armies in Europe, for great quantities of cotton goods for surgical bandages and absorbents."

100 Years Ago Today

ONE HUNDRED years ago today the famous American privateer "General Armstrong" met her doom in a heroic battle with three British warships. The engagement took place in neutral waters, in the harbor of Fayal, belonging to Portugal, which fact resulted in an historic diplomatic controversy. President Madison took steps to compel Portugal to insist upon the inviolability of her neutral ports. He also claimed indemnity and obtained the promise of an award, but later Louis Napoleon, to whom the matter was referred as arbiter, reversed the award. Great Britain apologized to Portugal for the act of the British commander in attacking an enemy in a neutral port.

OPHELIA